

HOUSE BILL REPORT

SSB 5390

As Reported by House Committee On: Health Care

Title: An act relating to incentives to improve quality of care in state purchased health care programs.

Brief Description: Concerning improving the quality of care in state-purchased health care programs.

Sponsors: Senate Committee on Health & Long-Term Care (originally sponsored by Senators Keiser, Parlette, Franklin, Kastama, Johnson, Shin, Kohl-Welles and Kline).

Brief History:

Committee Activity:

Health Care: 3/24/05, 3/29/05 [DPA].

Brief Summary of Substitute Bill (As Amended by House Committee)

- Requires the use of evidence-based medicine principles in state purchased health care program contracts with health carriers and providers.
- Requires state purchased health care programs to collaborate with private health care purchasers, health care providers and facilities, and health carriers to develop common performance measures and financial incentives.
- Allows the Health Care Authority to require employee benefit plan insurers to provide member demographic and claims data necessary to implement performance measures or financial incentives related to performance.

HOUSE COMMITTEE ON HEALTH CARE

Majority Report: Do pass as amended. Signed by 9 members: Representatives Cody, Chair; Campbell, Vice Chair; Morrell, Vice Chair; Appleton, Clibborn, Green, Lantz, Moeller and Schual-Berke.

Minority Report: Do not pass. Signed by 4 members: Representatives Bailey, Ranking Minority Member; Curtis, Assistant Ranking Minority Member; Alexander and Hinkle.

Staff: Molly Belozer (786-7104).

Background:

In 2003, legislation was adopted that requires the Health Care Authority (Authority) to coordinate state agency efforts to adopt uniform policies based on the best available scientific and medical evidence. Uniform policies across state purchased health care programs were deemed necessary by the legislation to ensure prudent, cost-effective health services purchasing, maximize efficiencies in administration of state purchased health care programs, and reduce administrative burdens on health care providers participating in state purchased health care programs. Adopted uniform policies are required to address:

1. formal assessment methods, including health technology assessment;
2. monitoring of health outcomes, adverse events, quality, and cost-effectiveness of health services;
3. development of a common definition of medical necessity; and
4. exploration of common strategies for disease management and demand management programs.

"Best available scientific and medical evidence" is defined in statute as the best available external clinical evidence derived from systematic research.

Summary of Amended Bill:

The Authority, the Administrator of the Authority, and the Secretary of the Department of Social and Health Services must work in collaboration with other state agencies that administer state purchased health care programs, private health care purchasers, health care providers and facilities, and health insurance carriers to use evidence-based medicine principles to develop common performance measures. The collaboration must also implement financial incentives in contracts with insuring entities, providers, and facilities. The incentives must:

1. reward improvements in health outcomes for individuals with chronic diseases, increased utilization of appropriate preventive health services, and reductions in medical errors; and
2. increase, through appropriate incentives to insuring entities and providers, the adoption and use of information technology contributing to improved health outcomes, better coordination of care, and decreased medical errors.

The Authority may require that insuring entities provide subscriber or member demographic and claims data necessary to implement performance measures or financial incentives related to performance.

The duty of the Authority to appoint a technical advisory committee relating to health care policy is removed.

Amended Bill Compared to Substitute Bill:

The amended bill includes health care facilities in the collaboration to use evidence-based medicine principles to develop common performance measures and financial incentives. Also requires the collaboration to include facilities in the implementation of financial incentives in contracts with insuring entities and providers.

The amended bill removes language relating to the increase in the adoption and use of information technology not imposing significant costs or administrative burden on insuring entities or providers. The amended bill also removes redundant language requiring the collaboration to use evidence-based medicine principles to develop, in collaboration with providers, common performance measures and financial incentives.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Amended Bill: The bill takes effect 90 days after adjournment of session in which bill is passed.

Testimony For: This bill has good concepts and supports reducing medical errors and improving health outcomes.

Testimony Against: None.

Persons Testifying: (In support) Susie Tracy, Washington State Medical Association.

Persons Signed In To Testify But Not Testifying: None.